



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

October 14, 2014

Hye Sun Lee  
Acting Associate Regional Administrator  
Division of Medicaid and Children's Health Operations  
Centers for Medicare & Medicaid Services  
San Francisco Regional Office  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6707

Dear Ms. Lee:

The Department of Health Care Services (DHCS) acknowledges and agrees to the terms and conditions set forth in the Centers for Medicare and Medicaid Services (CMS) letter dated October 7, 2014, regarding the proposed resolution to the School-Based Medi-Cal Administrative Activities (SMAA) program deferral. Additionally, DHCS acknowledges and agrees to the amendments made to the previously approved methodologies for SMAA claims submitted for State Fiscal Year (SFY) 2012/2013 and SFY 2013/2014, as well as the proposed interim claiming methodology for costs incurred in SFY 2014/2015 prior to the implementation of the recently approved administrative claiming plan scheduled to begin January 1, 2015. DHCS will also be working with SMAA stakeholders to develop and submit to CMS by January 31, 2015, a backcasting methodology encompassing four quarters of Random Moment Time Study data in order to reconcile claims made for costs incurred after June 30, 2012, as well as, all deferred invoices subject to backcasting.

We do understand that school associations will be reaching out to CMS either directly or through their congressional representatives to advocate for a higher percentage of interim payments. To the extent that, after hearing from the schools and legislative members, CMS is open to an upward adjustment, DHCS will fully support such decision, with the understanding that the backcasting methodology will later be used to reconcile to actual costs of providing services under the SMAA program, consistent with federal rules.

Ms. Hye Sun Lee  
Page 2  
October 14, 2014

Thank you for your timely consideration. DHCS is committed to working with CMS to bring closure to the issues surrounding the SMAA program deferral. If you have any questions or require additional information, please contact John Mendoza, Chief, Safety Net Financing Division, at (916) 552-9130 or [John.Mendoza@dhcs.ca.gov](mailto:John.Mendoza@dhcs.ca.gov).

Sincerely,

Original Signed by Pilar Williams

Pilar Williams  
Deputy Director, Health Care Financing

cc: Toby Douglas, Director  
Department of Health Care Services

John Mendoza, Chief  
Safety Net Financing Division